

Falkland Islands Holdings plc
Restatement of primary financial information for 2006/7 under International Financial
Reporting Standards

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Falkland Islands Holdings plc

1. Introduction

Falkland Islands Holdings plc and its subsidiaries ('the Group') has, for accounting periods up to 31 March 2007, prepared its consolidated financial statements under UK Generally Accepted Accounting Principles ('UK GAAP'). The next annual consolidated financial statements of the Group, for the year ending 31 March 2008, are required by AIM rules to be prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('adopted IFRS'). The Group's first published results under IFRS will be the 2007 Interim Report for the six months ended 31 September 2007. The date for the transition to IFRS was 1 April 2006, being the start of the period of comparative information.

This announcement explains how the Group's previously reported financial performance and position under UK GAAP are reported under IFRS. Set out in section 6 is information previously published under UK GAAP as restated under IFRS, as follows:

- Reconciliation of consolidated balance sheets previously published under UK GAAP as restated under IFRS as at 1 April 2006, 30 September 2006 and 31 March 2007; and
- Reconciliation of consolidated profit and loss accounts under UK GAAP to income statements under IFRS for the six months ended 30 September 2006 and the year ended 31 March 2007.

Detailed explanations of the adjustments from previously published UK GAAP statements to the revised IFRS presentation are included in section 4 (below).

The financial information in this announcement has been prepared on the basis of the recognition and measurement requirements of adopted IFRS as at 30 September 2007 that are effective (or available for early adoption) at 31 March 2008, the Group's first annual reporting date using adopted IFRS. Based on adopted IFRS, the directors have applied the accounting policies set out in section 3 (below), which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 March 2008. Adopted IFRS that will be effective (or available for early adoption) at 31 March 2008 are still subject to change and cannot be determined with certainty at the present time. Accordingly, the accounting policies for that annual period will only be finally determined when the financial statements are prepared for the year ending 31 March 2008. If any such changes to accounting policies do occur as a result of new IFRS and interpretations, the accompanying restated information will be updated.

In accordance with IFRS1 ‘First-time Adoption of International Financial Reporting Standards’ no adjustments have been made for any changes in estimates made at the time of approval of the UK GAAP financial statements on which the preliminary IFRS financial statements are based.

The preliminary IFRS financial information set out herein does not constitute the company’s statutory accounts for the year ended 31 March 2007. Those accounts, which were prepared under UK GAAP, have been reported on by the company’s auditor and delivered to the registrar of companies. The report of the auditor was unqualified.

2. Transitional arrangements

IFRS 1 “First-time Adoption of International Financial Reporting Standards” establishes the framework for an entity’s transition to IFRS, in general by demanding retrospective restatement of previously presented financial statements in compliance with adopted IFRS from the start of the earliest comparative period presented in the entity’s first IFRS financial statements (i.e.) 1 April 2006 for the year ending 31 March 2008.

Notwithstanding the general prescription to apply the provisions of individual IFRS to previously presented financial statements, IFRS1 makes available a number of exemptions to this, and the Group have elected to take advantage of the following:

Business Combinations (IFRS 3)

The Group has elected not to apply IFRS 3 “Business Combinations” to business combinations which took place prior to the date of transition to IFRS at 1 April 2006.

Share-based Payments (IFRS 2)

The Group has elected not to apply the recognition and measurement criteria of IFRS 2 “Share-based Payments” to equity instruments (specifically, share options) that were granted on or before 7 November 2002. This is in keeping with the exemption available under FRS 20, which the Group elected to take on adoption of that standard for the first time in its accounts for the year ended 31 March 2007.

Employee Benefits (IAS 19)

The Group has elected to recognize all cumulative actuarial gains and losses for the Group’s defined benefit pension schemes at the date of transition as an adjustment to opening retained earnings. This is in keeping with the provisions of FRS 17, adopted by the Group for the first time for the year ended 31 March 2006, which requires actuarial gains and losses to be recognised immediately they occur in the Statement of Recognised Gains and Losses, thereby on adoption recognising all cumulative gains and losses as an adjustment to retained earnings.

3. Significant accounting policies

Falkland Islands Holdings plc (the “Company”) is a company incorporated and domiciled in the United Kingdom. Its shares are traded on AIM, a market operated by the London Stock Exchange.

First reporting under International Financial Reporting Standards

On 1 April 2007 the Company adopted International Financial Reporting Standards (“adopted IFRS”), as endorsed by the European Union. The financial information has been prepared on a consistent basis under applicable adopted IFRS and the effects of this transition reported in accordance with “IFRS1: First-time Adoption of IFRS”.

IFRS1 permits companies adopting IFRS for the first time to take exemptions from the full requirements of IFRS in the transition period. The following are the Group’s significant accounting policy choices arising from IFRS1:

- Business combinations prior to 1 April 2006 have not been restated to comply with “IFRS 3: Business Combinations”; and
- Share-based payment awards on or before 7 November 2002 have not been re-measured in accordance with “IFRS2: Share-based payments.”

(a) Basis of preparation

The financial statements are presented in pounds sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except that available-for-sale financial instruments are stated at their fair value.

The accounting policies set out below have been applied consistently in preparing the opening IFRS balance sheet at 1 April 2006 and to all periods presented in this IFRS restatement.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Falkland Islands Holdings plc and its subsidiaries (the “Group”). A subsidiary is any entity Falkland Islands Holdings plc has the power to control the financial and operating policies of so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-company balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses are eliminated but only to the extent that there is no evidence of impairment.

(c) Foreign currencies

Transactions in foreign currencies are translated to the functional currencies of group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the relevant rates of exchange ruling at the balance sheet date and the gains or losses thereon are included in the income statement.

Non-monetary assets and liabilities are translated using the exchange rate at the date of the initial transaction.

(d) Property, plant & equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and directly attributable expenses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold buildings	2 – 5%
Long leasehold land and buildings	2%
Vehicles, plant and equipment	10 – 25%
Ships	3.3%

Freehold land is not depreciated.

The carrying value of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the income statement in the period in which it arises.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less any accumulated depreciation (in line with accounting policy (d) above) and any impairment losses.

(f) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries.

Acquisitions prior to 1 April 2006

In respect to acquisitions prior to transition to IFRS, goodwill is recorded on the basis of deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations which occurred prior to transition has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 April 2006.

Acquisitions on or after 1 April 2006

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Computer software

Acquired computer software is capitalised as an intangible asset on the basis of the cost incurred to acquire and bring the specific software into use. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life of computer software is five years.

(g) Impairment of non-financial assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or the asset requires annual impairment testing, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss with respect of goodwill is not reversed. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Financing costs

Net financing costs comprise of interest payable, interest receivable, and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised as a profit or loss as it accrues, using the effective interest method.

(i) Financial instruments

Certain financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these items are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit and loss.

The fair value of financial instruments classified as available for sale is their quoted bid price at the balance sheet date.

(j) Employee share awards

The Group provides benefits to certain employees (including Directors) in the form of share-based payment transactions, whereby the employee renders service in return for shares or rights over future shares (“equity settled transactions”). The cost of these equity settled transactions with employees is measured by reference to an estimate of their fair value at the date on which they were granted using an option input pricing model taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The cost of equity settled transactions is recognised, together with a corresponding increase in reserves, over the period in which the performance conditions are fulfilled, ending on the date that the option vests.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is estimated as selling price in the ordinary course of business less costs of disposal. The cost of stock is based on the first-in first-out principle and comprises purchase price and where applicable includes expenditure incurred in transportation to the Falkland Islands.

(l) Revenue

Revenue is the amount receivable by the Group for goods supplied and services rendered excluding VAT. Revenue principally arises from retail sales and the provision of ferry services, but also includes hotel takings, insurance commissions, revenues billed for shipping and agency activities and port services, in the Falkland Islands. Revenue from sale of goods is recognised at the point of sale or dispatch, whilst that of the ferry and other services is recognised when the service is provided.

(m) Pensions

Defined contribution pension schemes

The Group operates two defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect to the accounting period.

Defined benefit pension schemes

The Group also operates two pension schemes providing benefits based on final pensionable pay, one of which is unfunded. The assets of the funded scheme are held separately from those of the Group.

The Group's net obligation in respect of each defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value; and any unrecognised past service costs and the fair value of the plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the asset recognised is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognised in full in the period in which they arise in the statement of recognised income and expense.

(n) Trade receivables

Trade receivables are carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable on an item by item basis.

(o) Trade and other payables

Trade and other payables are stated at their cost less payments made.

(p) Dividends on funds presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as liabilities at that date to the extent that they are appropriately authorized and are no longer at the discretion of the Company.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on

demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary timing differences are not recognised:

- Goodwill not deductible for tax purposes;
- Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits; and

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is recognised at the tax rates that are expected to be applied to the temporary differences when they reverse, based on rates that have been enacted or substantially enacted by the reporting date.

(s) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

As lessee

Rentals in respect of all operating leases are charged to the income statement on a straight line basis over the lease term.

As lessor

Assets under hire purchase agreements are shown in the balance sheet under current assets, to the extent they are due within one year and under non-current assets, to the extent that they are due after more than one year, and are stated at the value of the net investment in the agreements. The income from such agreements is credited to the income statement each year so as to give a constant rate of return on the funds invested.

Assets held for leasing out under operating leases are included in investment property (where they constitute land and buildings) or in stock (where they do not constitute land

and buildings) at cost less accumulated depreciation and impairment losses. Rental income is recognised on a straight-line basis. Lease incentives granted are recognised as an integral part of the total rental income.

(t) **Non-current assets held for sale and discontinued operations**

Non-current assets and discontinued operations are classified as held for sale when their carrying values will be recovered principally through sale. They are generally measured at the lower of carrying amount and fair value less costs to sell.

(u) **Provisions**

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected cash flows at an appropriate pre-tax risk free rate.

4. Explanation of transition to IFRS

The following explanations are offered to accompany the restatements presented at section 6 (below):

IAS 39 “Financial instruments: recognition and measurement

Under the terms of IAS 39 “Financial Instruments: Recognition and Measurement” the Group’s investments in FOGL and FGML at the transition date are deemed to be ‘available-for-sale’ financial assets. Under IFRS available-for-sale financial instruments are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these items are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit and loss.

The fair value of financial instruments classified as available for sale is their quoted bid price at the balance sheet date.

The following table sets out the relevant fair values of the Group's holdings at UK GAAP cost and IFRS transition date fair value and hence the revaluation adjustment required for each restated balance sheet presented:

IAS 39 restatements	Consolidated balance sheet as at:		
	1 April 2006	30 September 2006	31 March 2007
	£'000		
Investments in FGML and FOGL at UK GAAP cost	2,610	2,610	2,420
Investments in FGML and FOGL at IFRS fair value	23,269	13,650	12,900
Revaluation made	20,659	11,040	10,480
Share price:			
FGML	15.50p	8.00p	—
FOGL	143.50p	85.00p	86.00p
Shareholding:			
FGML	11,250,000	11,250,000	—
FOGL	15,000,000	15,000,000	15,000,000

The Group's holding in FGML was sold on 12 January 2007 and as a result the asset de-recognised. On de-recognition IAS39 requires the balance on the revaluation reserve relating to the asset to be transferred to the profit and loss account. There is no impact on the gain on disposal recognised previously under UK GAAP from IFRS adoption, and accordingly no impact on the profit and loss account for the period.

IAS 19 "Employee Benefits"

As discussed in section 2, the Group has elected to recognize all cumulative actuarial gains and losses as an adjustment to opening retained earnings on transition in keeping with FRS17, adopted under UK GAAP for the first time for the year ending 31 March 2006.

However, whereas previously under UK GAAP the liability as regards defined benefit plans was recognised net of its related deferred tax asset, under IAS19 "Employee Benefits", the gross liability is to be shown on the face of the balance sheet. In addition, IAS12 "Income Taxes" requires deferred tax assets and liabilities to be separately categorized on the balance sheet as non-current items.

IAS 19 Reclassifications	Consolidated balance sheet as at:		
	1 April 2006	30 September 2006	31 March 2007
	£'000		
Net pension liability reported under UK GAAP	1,909	1,918	1,869
Deferred tax asset reclassified	669	671	648
Gross pension liability disclosed under IFRS	2,578	2,589	2,517

IAS 19 also requires companies to provide for holiday pay based on the number of days leave at each reporting date that employees are entitled to but have not used, and that can be used (or paid) in future periods. The holiday pay accrual required was £32,000 at 1 April 2006 and £49,000 at both 30 September 2006 and 31 March 2007.

IAS 38 “Intangible Assets”

Under IAS38 “Intangible Assets” and IFRS3 “Business Combinations” goodwill arising as a result of a business combination is recognised at cost and capitalized, but is not subject to amortisation, as was previously the case under UK GAAP. Instead, the carrying value of such goodwill is reviewed at least annually for impairment.

An adjustment is therefore required to reverse the goodwill amortisation charges for the six months ended 30 September 2006 and the year ended 31 March 2007. The following table provides an analysis of the charges reversed and the restated carrying value of goodwill at each restated balance sheet date:

IAS 38 restatements	Consolidated balance sheet as at:		
	1 April 2006	30 September 2006	31 March 2007
	£'000		
Goodwill stated at UK GAAP amortised cost	3,979	3,877	3,775
Reversal of goodwill amortisation	—	102	204
Goodwill restated for IFRS	3,979	3,979	3,979

5. Impact of adoption of IFRS

The following tables present summaries of the impact of the adoption of IFRS at each of the restated balance sheet dates on the reported net assets of the Group, and on reported profits on ordinary activities after tax for the six months ended 30 September 2006 and the year ended 31 December 2007:

Summary of IFRS impact on reported net assets	Consolidated balance sheet as at:		
	1 April 2006	30 September 2006	31 March 2007
	£'000		
Net assets as previously reported under UK GAAP	12,852	13,385	14,136
Add: Restatement of investments to fair value	20,659	11,040	10,480
Add: Write-back of goodwill amortisation	—	102	204
Less: Accrual for holiday pay	(32)	(49)	(49)
Net assets as restated under adopted IFRS	33,479	24,478	24,771

Summary of IFRS impact on reported profit after tax	Consolidated income statement for:	
	6 months to 30 September 2006	Year ended 31 March 2007
	£'000	
Net assets as previously reported under UK GAAP	341	1,446
Add: Write-back of goodwill amortization	102	204
Less: Accrual for holiday pay	(17)	(17)
Profit after tax as restated under adopted IFRS	426	1,633

6.1 Restatement:
Consolidated Balance Sheet as at 1 April 2006 (Transition date)

Falkand Islands Holdings Group						
IFRS Opening Consolidated Balance Sheet						
As at 1 April 2006 UK GAAP (as published)	Reclassification for IFRS format	As at 1 April 2006 UK GAAP (IFRS format)	IFRS adjustments		As at 1 April 2006 IFRS balance sheet	
			IAS 39	IAS 19		
£'000	£'000	£'000	£'000	£'000	£'000	
Fixed assets		Non-current assets				
Intangible assets	3,979	Intangible assets	3,979		3,979	
Tangible assets	8,042	(1,620) Property, plant and equipment	6,422		6,422	
		1,620 Investment properties	1,620		1,620	
Investments	2,610	48 Financial assets	2,610	20,659	23,269	
		48 Other financial assets ¹	48		48	
		0 Deferred tax assets	0	669	669	
	14,631					
		Total non-current assets	14,679		36,007	
Current assets		Current assets				
Stocks	3,107	Inventories	3,107		3,107	
Debtors due within one year	1,789	(142) Trade and other receivables	1,647		1,647	
		46 Income tax receivable	46		46	
		96 Other financial assets	96		96	
Debtors due after one year	48	(48) 0	0		0	
Cash at bank and on-hand	3,601	Cash and cash equivalents	3,601		3,601	
	8,545					
		Total current assets	8,497		8,497	
		TOTAL ASSETS	23,176		44,504	
Creditors: amounts falling due within 1 year	(4,797)	4,797 Current liabilities				
		(542) Interest bearing loans and borrowings	(542)		(542)	
		(424) Income tax payable	(424)		(424)	
		(3,831) Trade and other payables	(3,831)	(32)	(3,863)	
		Total current liabilities	(4,797)		(4,829)	
Net current assets	3,748					
Total assets less current liabilities	18,379					
Creditors due after one year	(2,765)	(1,909) Non-current liabilities				
Provision for liabilities	(853)	(2,765) Interest bearing loans and borrowings	(2,765)		(2,765)	
		(1,909) Pension liabilities	(1,909)	(669)	(2,578)	
		(853) Deferred tax liabilities	(853)		(853)	
		Total non-current liabilities	(5,527)		(6,196)	
Net assets excluding pension liabilities	14,761					
Net pension scheme liabilities	(1,909)	TOTAL LIABILITIES	(10,324)		(11,025)	
Net assets	12,852	Net assets	12,852	20,659	33,479	
Capital and reserves		Capital and reserves				
Called up share capital	838	Called up share capital	838		838	
Share premium account	7,064	Share premium account	7,064		7,064	
Other reserves	703	Other reserves	703		703	
Revenue reserves	4,247	4,247 Retained earnings	4,247	(32)	4,215	
		Available-for-sale financial assets				
		0 fair value revaluation reserve	0	20,659	20,659	
Equity shareholders' funds	12,852	Equity shareholders' funds	12,852	20,659	33,479	

¹ Comprise hire purchase receivables due after more than one year.

6.2 Restatement:
Consolidated balance sheet as at 30 September 2006

Falkland Islands Holdings Group							
IFRS Half-year Consolidated Balance Sheet							
As at 30 September 2006 UK GAAP (as published)	Reclassifications for IFRS format	As at 30 September 2006 UK GAAP (IFRS format)	IFRS adjustments			As at 30 September 2006 IFRS balance sheet	
			IAS 39	IFRS 3	IAS 19		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Fixed assets		Non-current assets					
Intangible assets	3,877	Intangible assets	3,877	102		3,979	
Tangible assets	7,929	(1,604) Property, plant and equipment	6,325			6,325	
		1,604 Investment properties	1,604			1,604	
Investments	2,610	46 Financial assets	2,610	11,040		13,650	
		46 Other financial assets ¹	46			46	
		0 Deferred tax assets	0		671	671	
	14,416	Total non-current assets	14,462			26,275	
Current assets		Current assets					
Stocks	2,751	Inventories	2,751			2,751	
Debtors due within one year	1,466	(138) Trade and other receivables	1,328			1,328	
Debtors due after one year		92 Income tax receivable	0			0	
		92 Other financial assets	92			92	
Cash at bank and on-hand	4,160	Cash and cash equivalents	4,160			4,160	
	8,377	Total current assets	8,331			8,331	
		TOTAL ASSETS	22,793			34,606	
Creditors: Amounts due within one year	(3,442)	3,442 Current liabilities					
		(499) Interest bearing loans and borrowings	(499)			(499)	
		(520) Income tax payable	(520)			(520)	
		(2,423) Trade and other payables	(2,423)		(49)	(2,472)	
		Total current liabilities	(3,442)			(3,491)	
Net current assets	4,935						
Total assets less current liabilities	19,351						
Creditors due after one year	(3,193)	(1,918) Non-current liabilities					
Provision for liabilities	(855)	(3,193) Interest bearing loans and liabilities	(3,193)			(3,193)	
		(1,918) Pension liabilities	(1,918)		(671)	(2,589)	
		(855) Deferred tax liabilities	(855)			(855)	
Net assets excluding pension liabilities	15,303	Total non-current liabilities	(5,966)			(6,637)	
Net pension scheme liabilities	(1,918)	1,918 TOTAL LIABILITIES	(9,408)			(10,128)	
Net assets	13,385	0 Net assets	13,385	11,040	102	(49)	24,478
Capital and reserves		Capital and reserves					
Called up share capital	847	Called up share capital	847				
Share premium account	7,207	Share premium account	7,207				
Other reserves	703	Other reserves	703				
Revenue reserves	4,628	Retained earnings	4,628		102	(49)	
		Available-for-sale financial assets					
		fair value revaluation reserve	0	11,040			
Equity shareholders' funds	13,385	0 Equity shareholders' funds	13,385	11,040	102	(49)	24,478

¹ Comprise hire purchase receivables due after more than one year.

**6.3 Restatement:
Consolidated Balance Sheet as at 31 March 2007**

Falkland Islands Holdings Group							
IFRS Transition Consolidated Year-end Balance Sheet							
As at 31 March 2007 UK GAAP (as published)	Reclassifications for IFRS format	As at 31 March 2007 UK GAAP (IFRS format)	IFRS adjustments			As at 31 March 2007 IFRS balance sheet	
			IAS 39	IFRS 3	IAS 19		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Fixed assets		Non-current assets					
Intangible assets	3,775	Intangible assets	3,775		204	3,979	
Tangible assets	7,856	(1,588) Property, plant & equipment	6,268			6,268	
Investments	2,420	1,588 Investment properties	1,588			1,588	
		45 Financial assets	2,420	10,480		12,900	
		Other financial assets ¹	45			45	
		Deferred tax assets	0		648	648	
	14,051						
		Total non-current assets	14,096			25,428	
Current assets		Current assets					
Stocks	2,678	Inventories	2,678			2,678	
Debtors due within one year	2,517	(133) Trade and other receivables	2,384			2,384	
		Income tax receivable	0			0	
		133 Other financial assets	133			133	
Debtors due after one year	45	(45)	0			0	
Cash at bank and on-hand	4,959	Cash and cash equivalents	4,959			4,959	
	10,199						
		Total current assets	10,154			10,154	
Creditors		TOTAL ASSETS	24,250			35,582	
Amounts due within one year	(5,310)	5,310 Current liabilities					
		(542) Interest bearing loans and borrowings	(542)			(542)	
		(570) Income tax payable	(570)			(570)	
		(4,198) Trade and other payables	(4,198)		(49)	(4,247)	
		Total current liabilities	(5,310)			(5,359)	
Net current assets	4,889						
Total assets less current liabilities	18,940						
Creditors due after one year	(2,191)	(1,869) Non-current liabilities					
Provision for liabilities	(744)	(2,191) Interest bearing loans and borrowings	(2,191)			(2,191)	
Net assets excluding pension liabilities	16,005	(1,869) Pension liabilities	(1,869)		(648)	(2,517)	
		Deferred tax liabilities	(744)			(744)	
Net pension scheme liabilities	(1,869)	1,869 Total non-current liabilities	(4,804)			(5,452)	
		TOTAL LIABILITIES	(10,114)			(10,811)	
Net assets	14,136	0	Net assets	14,136	10,480	24,771	
Capital and reserves							
Called up share capital	847		Called up share capital	847		847	
Share premium account	7,206		Share premium account	7,206		7,206	
Other reserves	703		Other reserves	703		703	
Revenue reserves	5,380		Retained earnings	5,380	204	5,535	
			Available-for-sale financial assets				
			fair value revaluation reserve	0	10,480	10,480	
Equity shareholders' funds	14,136	0	Equity shareholders' funds	14,136	10,480	24,771	

¹ Comprise hire purchase receivables due after more than one year.

6.4 Restatement:

Consolidated Income Statement for the six months ended 30 September 2006

Consolidated Income Statement: six months ended 30 September 2007	IFRS Transition Restated HY P&L Comparatives			
	UK GAAP (in IFRS format) 30 September 2006	IAS 38	IAS 19	IFRS (as restated) 30 September 2006
	£'000	£'000	£'000	£'000
Revenue	7,285			7,285
Cost of sales	(4,521)			(4,521)
Gross profit	2,764			2,764
Administrative expenses	(2,167)		(17)	(2,184)
Other operating income	124			124
Goodwill amortisation	(102)	102		
Operating profit before financing costs	619			704
Financing income	103			103
Financing expense	(121)			(121)
Pension scheme net financing cost	(52)			(52)
Net financing costs	(70)			(70)
Profit before tax	549			634
Taxation	(208)			(208)
Profit on ordinary activities after tax	341	102	(17)	426

6.5 Restatement:

Consolidated Income Statement for the year ended 31 March 2007

Consolidated Income Statement: year ended 31 March 2007	IFRS Transition Restated FY P&L Comparatives			
	UK GAAP (in IFRS format) 31 March 2007	IAS 38	IAS 19	IFRS (as restated) 31 March 2007
	£'000	£'000	£'000	£'000
Revenue	15,618			15,618
Cost of sales	(9,531)			(9,531)
Gross profit	6,087			6,087
Pension scheme restructuring costs	(105)			(105)
Other administrative expenses	(4,606)		(17)	(4,623)
Administrative expenses	(4,711)			(4,728)
Other operating income	338			338
Goodwill amortisation	(204)	204		
Operating profit before financing costs	1,510			1,697
Financing income	205			205
Profit on disposal of financial investment	485			485
Financing expense	(236)			(236)
Pension scheme net financing cost	(124)			(124)
Net financing costs	330			330
Profit before tax	1,840			2,027
Taxation	(394)			(394)
Profit on ordinary activities after tax	1,446	204	(17)	1,633